

Hopi Arsenic Mitigation Project (HAMP) Funding Picture

- 1) **Total Funding Already Committed:** EPA and IHS have thus far committed a total of **\$6.3M** since 2004 to fund planning, and construction activities related to the HAMP. The funds have been used to construct the two turquoise trail wells, complete the preliminary engineering report (PER) and environmental assessment (EA).
- 2) **Remaining Balance: \$13.3M remains unfunded.** This estimate already accounts for the **\$1.1M** commitment from the Hopi Tribal Council to fund the electrical connection to the Turquoise Trail Well Field.
- 3) **Contingencies for Future IHS and EPA funding:**
 - a. Confirming participation from First Mesa Consolidated Villages (FMCV) on the Utility/Tribal/Village MOA in support of the HAMP.
 - b. Submitting an application to the USDA-RD for funding the remaining cost of the entire regional system and completing any follow-up requirements for USDA funding. Or securing full funding from another source for the remaining HAMP balance.
 - c. Developing a first-year operating budget and completed financials in support of USDA-RD application and IHS/EPA application requirements.
- 4) **EPA DWTSA Conditional Commitments for FY18 and FY19**
 - a. EPA Water Division has provided a conditional commitment of between **\$3M to \$4M over two years of funding cycles (FY18 and FY19).**
 - b. The commitment is contingent on EPA receiving similar levels of funding for its set-aside program as well as the HUC completing the above-mentioned milestones.
- 5) **IHS SDS Conditional Commitments for FY18 and FY19**
 - a. IHS estimates that they can contribute a total of **between \$1.2 - \$2 Million in FY18 and FY19.**
 - b. The commitment is still pending IHS HQ approval and is contingent on the same contingencies stated above (#3).
- 6) **USDA Application** - Based on the revised total project cost of **\$13.3M**, and the collective IHS (\$1.2M-\$2M) and EPA (\$3M-\$4M) commitments, IHS and EPA have encouraged the HUC to seek funding for the remaining balance of **\$7.3M - \$9M** from USDA-RD in a grant/loan package. Some potential concerns with USDA funding:
 - a. **Preliminary Engineering Report (PER)** – USDA-RD provided its second-round of comments on IHS' 2014 PER in June 2017. They largely had concerns with the end-user cost of the HAMP alternative as compared to the treatment alternative. In September 2017, IHS provided a coordinated response to those comments in advance of a multi-agency meeting that month (IHS, EPA, HUC were present). At the outcome of that meeting, it appeared that USDA was still supportive of the HAMP provided that there

was a way to bring down the end user costs. IHS followed up with a letter to USDA dated October 11, 2017 delineating their plan to address the PER comments. They requested concurrence from USDA so that they could move forward with their revisions. Despite multiple calls to USDA from the HUC, IHS and EPA, we have not received a response to that letter agreeing with the plan. The HUC plans to send a follow-up letter to USDA this week suggesting a December 29th deadline for USDA to respond. If the HUC does not receive a response, IHS plans to move forward with its proposal to provide the HUC a revised PER so that they can submit a complete application to USDA by February 1, 2018. USDA has set time frames to respond to the application once it is submitted.

- 7) **HUC Alternative Funding Plan** – The Tribe, FMCV, the HUC remains skeptical of any funding package that includes a loan component. The Hopi Tribal Council recently approved a **\$5M** package to fund the HUC for its first five years of operation. A portion of the package may be used for capital costs. The HUC recently proposed an alternative funding plan contributing and additional **\$2.4M** to the project. The plan also proposes that the HUC manage the bulk of the construction project instead of IHS, and eliminates or delays some project components. It also increases EPA's proposed contribution from \$4M to \$6M. I've shared the plan with IHS and hope to their feedback on the proposal so that we can have a coordinated response to the HUC.